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May 30, 2006

Mary L. Cottrell, Secretary Department of Telecommunications and Energy One South Station Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-42

Dear Ms. Cottrell:

Enclosed for filing in the above-referenced docket are Bay State Gas Company's responses to the following Information Requests:

AG-1-1 AG-1-2

If you have any questions, please do not hesitate to call me at 617-345-1316.

Very truly yours,

Robert L. Dewees, Jr.

RLD/tlm Enclosure

cc: John J. Geary, Hearing Officer (3 copies)

Jamie M. Tosches, Esq., Assistant Attorney General (4 copies)

Andreas Thanos, Assistant Director, Gas Division (1 copy)

Alexander Kofitse, Analyst, Gas Division (1 copy)

Kenneth Dell Orto, Analyst, Gas Division (1 copy)

COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO INFORMATION REQUESTS FROM THE ATTORNEY GENERAL D.T.E. 06-42

Date: May 30, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG-1-1

Please provide a spreadsheet analysis of the cost of gas to Bay State Gas Company's customers for the 2004/05 and 2005/06 peak season if both the proposed Vector/Washington 10 contracts and the Union/TCPL contracts had been in place effective April 1, 2004. Provide all supporting documentation, workpapers, calculations and assumptions (including the basis for Chicago hub prices and estimated injection and withdrawals). Include a working spreadsheet model with all calculations and formulae in tact.

Response:

Attachment AG 1-1 provides a comparison of the average per unit cost (including the 100% load factor cost of any demand charges for capacity utilized to transport the gas from the initial pricing point) of deliveries to Waddington for the past two winter seasons (2004/05 and 2005/06) based on the assumption that the Company had the Vector/Washington 10 contracts in place and/or the Union/TCPL contracts in place. Also shown for comparison purposes are the estimated average costs for the upcoming winter season (2006/2007).

The analysis indicates that on a weighted average basis purchasing gas supplies at the Vector/W-10 pricing point would have resulted in lower prices to Bay State's customers if the Vector/W-10 and Union/TransCanada capacity resources had been in place for the 2004-2005 and 2005-2006 winter periods. Moreover, the analysis shows that the Vector/W-10 resource together with the Union/TransCanada capacity is expected to provide significant savings to Bay State's customers during the upcoming 2006-2007 winter period based on current market prices.

What the analysis does not show and what the Company deems to be invaluable is the purchasing flexibility that will be provided to Bay State and its customers. That is, should the Department approve the Vector/W-10 resource, Bay State would have the flexibility to purchase its gas supplies at Chicago, Dawn or Waddington depending on which purchase point provides the lowest delivered price to Bay State's city gate. In addition, Bay State may choose to withdraw from storage on approximately 90 days during the winter period as a low cost alternative to other pricing points along the Chicago to Waddington path. Given the ever changing market dynamics, the Vector/W-10 resource provides significant flexibility and affords Bay state's customers the potential for reduced gas prices.

Bay State Gas DTE Storege Analysis

Purchase Point	ind are													Total Cost at
		Chicago(3)	Storage	Pipeline	Fuel	Fuel Cost	Dawn Price	Union	Fuel	Fuel Cost	TCPI.	Fuel	Fuel Cost	Waddington
ventor/W10	90 Days (2)		\$0.69	\$0.20	2.20%	W3	87.49	\$0.0694	0.98%	\$0.0741	\$0.2545	1.56%	\$0.1219	\$7.90
Dawn (4)	90 Days						\$10.18 \$0.0894 0.98% \$0.1004 \$0.2545 1.56% \$0.1639 \$10.61	\$0.0894	0.88%	\$0.1004	\$0.2545	1.56%	\$0.1639	\$10.61
drington (4)	Maddington (4) 90 Days													\$11.02

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2006-2007		L. Comband Row S	A SAMONA	Dawn (4)	Waddington (4)

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	Union \$0.0694 \$0.0684
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2006-2007	VectorW10 Dawn Waddington

2006-2007 Wel	2006-2007 Weighted Average Gost	
		Total Cost at
		Waddington
Vector/W10	10 Nov-Mar	88
Dawn	Nov-Mar	8 0 48
Waddington	on Nov-Mar	\$10,87

Purchase Point		Chicago(3)	Storage	Pipeline	Fuel	Fuel Cost	Dawn Price	Union		Fuel Cost	TOPL	E Le	Fuel Cost	Yotal Cost at Waddington
VectorW19	90 Days (2)	\$8.10	\$0.69	\$0.20	2,20%		89 89 89	\$0.0694	0,98%	\$0,0907	\$0.2545	1,56%	\$0.1483	89'68
Dawn (4)	90 Days						22,68	\$0.0694	0.98%	\$0.0064	\$0,2545	1,56%	\$0.1574	\$10.28
Waddington (4) 60 Days	CO Dave													\$10.31

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Waddington	\$9.68	\$9.6\$	\$9.66	aakad da Lainkariaa wasilaria kananini kinanini kananini kananini kananini kananini kananini kananini kananini	Total Cost at	Waddington	\$7.08	\$7.25	A7 38
Fuel Cost	\$0.1484	\$0.1524		مامدة استطاعها يستايمة أرمواني والجوارية		Fuel Coat	\$0.1085	\$0,1114	
Fuel	1,56%	1.56%		14 - 14 - 14 - 14 - 14 - 14 - 14 - 14 -		Fuel	1.56%	1,56%	
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File	0.96%	0.98%		eren bereite der der der der der der der der der de			0.98%		
Union	\$0.0694	\$0.0694	dhrowless consenses to second second	RYYYCHAN WWW. M. COATHON WOO CHANGE BONNER		Chien	\$0.0894	\$0.0694	
Dawn Price	\$9.19	39.45	and determined to the second s			Dawn Price	\$5,63	\$6.82	
	\$0.0928		***************************************	andiete es electricis (se electricis de la companiente de la companiente de la companiente de la companiente d			\$0,0670		
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-2017	\$0.20		SOPPRESED FOR ELECTRON MODERNIC CONTRACTOR	aronjuliarentakalinkakalinkakalinkakalakaka		Pipeline	\$0.20		
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Chicago	\$8.89		TANK CANADA MANAGA MANA	#16###################################		Chicago	\$6.37		
	November	November	November				March	March	March
	Vector/W10	Dawn	Waddington	2005-2008			Vector/W10	Dawn	Waddington

2005-2006 Weig	2005-2006 Weighted Avorage Cost	
		Total Cost at
	Waddi	Maddington
Vector/W10	Nov-Mar	200
Dawn	Nov-Mar	89 68
Waddington	Nov-Mar	\$50.63 80.63

urchase Point			ė	ÿ	š		:							Total Cost at
		Chicago(3)	Storage	Pipeine	Fuel	Fuel Cost	Dawn Price	Union	Fue	Firel Cost	1001	Fuel	Fuel Cost	Waddington
/ector/W%0	90 Days (2)	25.84	80.69	\$0.20	2.26%	\$0.1480	60 60 60 60 60 60 60 60 60 60 60 60 60 6	\$0.0594	6.88%	\$0,0681	\$0,2545	1,56%	\$0.1123	\$7.28
Dawn (4)	90 Days						\$6.48	\$0.0694	0,98%	\$0.0642	\$0,2545	1.56%	\$0.1062	86.68
/addington (4) 90 Days	90 Days													** SS

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		Chicago	Storage	Pipaline	Fuel	Fuel Cost		Union	1 m	Fuel Cost		Fue	Fuel Cost	Total Cost at Waddington
0.0	November	20,00	\$0.00	30,20	1.02%	\$0,0632	\$6.26	\$0.0694	0.98%	\$0.0620	\$0.2545	1.56%	\$0.1027	\$6.68
	November						\$6.37	\$0.0694	0.98%	\$0.0631		1,58%	\$0,1045	11.98
Ş	November	-												CE 47

,	Fuel Fuel Cost Waddington 1.56% \$0.1178 \$7.63 \$7.63 \$7.63 \$7.63
	Fuel Cost TCPL \$0.0715 \$0.2645 \$0.0716 \$0.2545
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	Dawn Price \$7.23 \$7.23
	Fuel Cost \$0.0730
	Fuel 1.02%
	Pipeline \$9,20
	Storage \$0.00
	Chicego \$6,96
	March March March
2004-2005	Vector/W10 Dewn Weddington

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			1975年の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の	
				Total Cost at
				Waddington
Vector/W10	Nov-Mar			\$7.23
Dawn	Nov-Mar			27.07
Waddington	Now-War			\$7.85

All 2006-2007 prices are based on the NYMEX futures strip as of May 24 and the NYMEX close for all expired contracts.
 Storage is typically used during the 90 day period from Dec. Feb. All volumes outside of this period would be purchased at the Chicago market hub for delinery to Dawn.
 Prices based on typical summer refill pattern of ratable injection during the months of April through October.
 Whitter period Gas Delly daily index price.

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Date: May 30, 2006

Responsible: Francisco C. DaFonte, Director, Energy Supply Services

AG-1-2 Please provide a spreadsheet analysis of the cost of gas to Bay State's customers for the 2004/05 and 2005/06 peak season if the only the Union/TCPL contracts had been in place effective April 1, 2004. Provide all supporting documentation, workpapers, calculations and assumptions (the basis for prices at Dawn). Include a working spreadsheet model with all calculations and formulae in tact.

Response: Please see response to AG 1-1.